

Closed moved to open 9/22/2014

**New Shoreham Electric Utility Task Group
Block Island Town Hall
Friday, May 16, 2008
2:00 p.m.**

Present: Everett Shorey, William Penn, Christopher Warfel and Barbara MacMullan.
Absent: Thomas Cardello. Michael Lofaro is on leave. Also present: Peter Baute and Fiona Fitzpatrick, who took the minutes of the meeting.

Barbara MacMullan called the meeting to order at 2:20.

1. Block Island Power Company Response to the EUTG proposal

Mr. Shorey moved to enter executive session pursuant to Rhode Island General Laws §42-46-5(a)(5), seconded by Mr. Penn.

Ayes: 4 (Shorey, Penn, Warfel, MacMullan) Nays: 0 Absent: 1 (Cardello)
On Leave: 1 (Lofaro)

Mr. Shorey and Mr. Penn reported on an open and productive meeting with Block Island Power Company representative Al Cassazza on Wednesday.

The owners may have an issue regarding personal liability for the land. Mr. Penn explained the liability is captured in the corporate structure and does not flow over to partners. To liquidate land with a brownfields grant, the buyer must do a Phase II environmental assessment of the property by an environmental engineer (including cores and groundwater sampling), and the seller agrees to clean up with grant money to state brownfields guidelines and standards. Thereafter the seller is cleared of liability and the purchase assumes remaining liabilities.

Dr. Cassazza wants something in writing which he will review with his personal attorney and the other shareholders. He would be open to discussing an annuity, and implied that the current price was in ballpark. He does not want a deal to come out in the BI Times prematurely. Mr. Shorey said unless they BIPCo is really willing to have a substantive conversation, there is no reason to talk. The negotiations could all be “subject to” unfeasible expectations.

EUTG discussed liabilities include assumption of RUS debt or possibly lien on property which would have to be negotiated, and the possibility of other debt. The offer would be contingent on assuming RUS debt. A coop with a manageable revenue stream would be in line with the RUS mandate.

The EUTG discussed options to structure for the purchase: a long term annuity for the owners in lieu of a single payment; an easement or land lease. A coop may never have funds to purchase the land.

Mr. Penn suggested that, with Town permission, he approach one of the top environmental layers in state, Sean Coffee, former legal counsel for DEM; and ask the attorney to verify the process. He wants the personal liability resolved before talking, and would like the attorney to write an opinion under RI Brownfields legislation. Peter Baute will go to the Town Attorney to discuss referral and cost.

Everett Shorey said that by mid-June, compensation will be defined by rate case and management compensation is almost certain to be cut, along with Jerry Edwards' pension. The Division is proposing \$20,000 cut. Current compensation is \$135,000, plus 35% dividend which is converted to salary of \$170,000, plus pension.

Going forward, the EUTG will

- Look at liability issue
- Determine ownership entity
- Third, work on assets
- Visit Pascoag's operation
- Decide if there will be an ongoing reason to keep the Task Group together

At 3:15 Mr. Shorey moved to adjourn the closed session, seconded by Mr. Penn.

Ayes: 4 (Shorey, Penn, Warfel, MacMullan) Nays: 0 Absent: 1 (Cardello)
On Leave: 1 (Lofaro)

Mr. Warfel moved to keep the minutes confidential, seconded by Mr. Penn.

Ayes: 4 (Shorey, Penn, Warfel, MacMullan) Nays: 0 Absent: 1 (Cardello)

The open session was resumed.

At 3:35, a motion to adjourn was made by Mr. Penn and seconded by Mr. Warfel.

Ayes: 4 (Shorey, Penn, Warfel, MacMullan) Nays: 0 Absent: 1 (Cardello)
On Leave: 1 (Lofaro)

Minutes opened 9/22/2014

Fiona Fitzpatrick